

1967

AR38

file

1967

DOME MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1967

Including Copies of the Reports of


SIGMA MINES (QUEBEC) LIMITED

(NO PERSONAL LIABILITY)

and

CAMPBELL RED LAKE MINES LIMITED

FOR THE SAME PERIOD



Digitized by the Internet Archive
in 2024 with funding from
University of Alberta Library

https://archive.org/details/Dome1986_1967

DOMINE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1967

ANNUAL MEETING OF SHAREHOLDERS

will be held
at 10:30 o'clock a.m. (Toronto time)
Monday, April 29, 1968,
Library, Royal York Hotel,
TORONTO, ONTARIO

To Canadian Shareholders:

It is the view of the management of the Company that Canadian shareholders are entitled to a depletion allowance of 20% of the dividend paid on February 15, 1967 and a depletion allowance of 15% of the dividends paid thereafter during the year 1967 pursuant to Section 11 of the Income Tax Act and the Income Tax Regulations.

Dome Mines Limited

(Incorporated under the laws of Canada)

LOCATION OF MINE AND HEAD OFFICE

South Porcupine, Ont.
Canada

ADDRESS OF THE CHAIRMAN OF THE BOARD

42 Wall Street, New York, N.Y. 10005.

ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre,
Toronto 1, Ont.

REGISTRARS

Canada Permanent Trust Company
253 Bay Street, Toronto 1, Ont.
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015.

TRANSFER AGENTS

Crown Trust Company, 302 Bay Street, Toronto 1, Ont.
The Bank of New York, 20 Broad Street, New York, N.Y. 10005.

AUDITORS

Clarkson, Gordon & Co.—Toronto 1, Ont.

VICE-PRESIDENT AND GENERAL MANAGER

Charles P. Girdwood

GENERAL SUPERINTENDENT — South Porcupine

Arthur D. Robinson

DOMEXPLORATION (CANADA) LIMITED

360 Bay Street, Suite 702, Toronto 1, Ont.

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre,
Toronto 1, Ont.

DIRECTORS

Clifford W. Michel	New York, N.Y.
F. Warren Pershing	New York, N.Y.
A. Bruce Matthews	Toronto, Ont.
James B. Redpath	Toronto, Ont.
William F. James	Toronto, Ont.
William R. Biggs	New York, N.Y.
Allen T. Lambert	Toronto, Ont.
Bryce R. MacKenzie	Toronto, Ont.
Charles P. Girdwood	South Porcupine, Ont.

OFFICERS

Clifford W. Michel
Chairman of the Board and Treasurer

James B. Redpath President	Charles P. Girdwood Vice-President and General Manager
Bryce R. MacKenzie Secretary	H. H. Buttermann Assistant Secretary
F. M. Fell Assistant Secretary	J. E. Alexander Assistant Secretary
H. W. Macdonell Assistant Treasurer	A. D. Robinson General Superintendent

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the proxy statement will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

		Parent Company	
		1967	1966
Tonnage Milled		708,800	712,500
Ounces Gold Produced		179,347	178,988
Average Price of Gold per ounce		\$37.76	\$37.71
Value of Bullion		\$ 6,845,725	\$ 6,805,509
Operating Costs		\$ 7,259,419	\$ 7,050,231
Net Income (excluding equity in undistributed earnings of subsidiary companies)		\$ 2,791,712	\$ 2,646,034
Net Income per share (excluding equity in undistributed earnings of subsidiary companies)		\$1.43	\$1.36
Net Income (including equity in undistributed earnings of subsidiary companies)		\$ 3,201,168	\$ 3,007,249
ERRATUM Net Income per share (including equity in undistributed earnings of subsidiary companies)		\$1.64	\$1.54
Current Assets		\$13,597,414	\$ 9,676,381
Current Liabilities		\$ 1,202,260	\$ 995,740
Working Capital		\$12,395,154	\$ 8,680,641
Investments		\$16,319,538	\$18,486,082
Number of Shareholders — December 31		6,367	6,531
Dividends Declared		\$ 1,557,335	\$ 1,557,335
Dividends declared per share		\$0.80	\$0.80
Shares Issued		1,946,668	1,946,668
		Principal Subsidiary Companies	
Sigma Mines (Quebec) Limited (63% owned by Dome)			
Net Income		\$ 378,007	\$ 437,771
Campbell Red Lake Mines Limited (57% owned by Dome)			
Net Income		\$ 2,529,296	\$ 2,485,013

REPORT OF THE DIRECTORS

of

Dome Mines Limited

(For the Financial Year Ended December 31, 1967)

Toronto, Ontario,
February 22, 1968.

To the Shareholders of
Dome Mines Limited:

On behalf of your Directors, the Chairman and President are pleased to submit their joint report covering the financial year ended December 31, 1967. This report includes the Balance Sheet and Statements of Income and Earned Surplus which consolidate your Company's interests in its subsidiaries, the principal of which are Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited. In order to compare with previous Annual Reports, we include as heretofore, the parent Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Source and Application of Funds. All these statements are certified by the Auditors of the Company. Our Report also includes the Report of the General Manager and the Report of the President of Dome Exploration (Canada) Limited, our exploration subsidiary.

Net Income aggregated \$3,201,168 or \$1.64 per share as compared with \$1.54 per share in the preceding year on the 1,946,668 issued shares. From these earnings dividends aggregating 80¢ per share were declared during the year. Profit from operations continued to decline, reflecting inflation in all areas of cost. However the decline in operating profit was more than offset by a substantial increase in other income mainly dividends from our 5½% holding in Mattagami Lake Mines Limited, a zinc producing and refining company situated in Quebec.

The financial position of the parent Company continues strong with working capital at \$12,395,154, an increase of \$3,715,000 over the preceding year. This gain is a reflection both of the liquidation of our holding in the Anglo Norrness Shipping Company Limited note and the excess of our net income over the dividends declared. It is our policy to seek to employ this working capital in promising exploration programs or in investments in natural resource companies where we believe our management can make a contribution.

Our holdings continue unchanged in our affiliate, Dome Petroleum Limited. During the course of the year this company acquired by amalgamation all the assets of Provo Gas Producers Limited in which it had previously held an approximate 38% interest. In addition the company continued its successful wildcat drilling program in the Zama Area of Northwestern Alberta where 85% of the 40 company wells drilled to date have found commercial oil and/or gas. Dome Petroleum is currently producing 21,238 barrels per day of oil, liquefied petroleum gas and oil equivalent of gas. Unaudited financial figures as of December 31, 1967, indicate a 22% increase in gross income to \$21,750,000, cash flow increased 25% to \$12,160,000 (\$3.66 per share) and net income after all charges increased 30% to \$8,360,000 (\$2.51 per share) as compared to the combined Dome/Provo figures for 1966. Our holdings of 595,000 shares represent 18% of the total equity capitalization of the merged company. These shares, which have a cost value on our books of \$3,206,000 had a market value of \$33,320,000 based on the 1967 closing bid price on the Toronto Stock Exchange.

The Annual Reports of our two major subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited are attached to this report. The dividends from Campbell provide the largest source of other income to the parent. Campbell's earnings, with no benefit from Cost Aid, reached a record high of \$2,529,296, up from the \$2,485,013 in 1966. The net income from Sigma amounted to \$378,007, a decrease of approximately \$60,000 from the previous year. The shares of Campbell which cost us \$1,332,000 had a market value of \$59,590,000 based on the 1967 closing bid price on the Toronto Stock Exchange. Comparable figures for our holdings in Sigma were a cost of \$732,000 and a market value of \$3,566,000.

The search for new mineral deposits continued with the subsidiaries Campbell Red Lake Mines and Sigma Mines participating in various projects under the agreement which went into effect in 1959. Exploration activities were spread across Canada and are reviewed on page seventeen.

Originating directly from past exploration programs are our holdings of Mattagami Lake Mines Limited and Canada Tungsten Mining Corporation Limited. Mattagami Lake Mines, with its 62½% ownership of refining facilities operated at Valleyfield, Quebec, by Canadian Electrolytic Zinc Limited, had a satisfactory year and paid dividends of \$1.25 per share.

The milling plant of Canada Tungsten in the Northwest Territories, destroyed by fire in December 1966, was rebuilt and is now operating. Improved facilities were provided in the rebuilt plant at the property as well as in the leaching and shipping plant located in Vancouver.

Panarctic Oils Limited was organized during 1967 to explore for oil on 44 million acres in Canada's Arctic Islands. It is expected that \$20 million will be expended on this venture. Of this amount 45% will be provided by the Canadian Government and 55% by a group of twenty oil and mining companies. Dome Mines and its subsidiaries will contribute approximately \$300,000 to this project over a four year period with the amount prorated between the parent Company and its subsidiaries under the regular Sharing Agreement. Our associate company Dome Petroleum Limited is also making a contribution of \$800,000 to this project.

The Emergency Gold Mining Assistance Act was renewed for a period of three years at the same rate of assistance. This Act is vital to the operations of both the Dome Mine and the Sigma Mine and to the very existence of the gold mining industry in Canada, as we now know it. Benefits under the Act have not been adjusted to compensate for the increased acceleration of inflation and thus we can expect a continuing decline in Canadian gold production unless there is an eventual increase in E.G.M.A. benefits or an increase in the price of gold.

Speculation as to a change in the price of gold became active in the latter part of the year, incident to the British devaluation of the pound and the continuing heavy loss of gold by the United States, reflecting its unfavorable Balance of Payments position. Despite the United States' insistence that the \$35 price will be maintained, a growing body of conservative banking opinion in the country is questioning whether the Government should continue to sell its gold at the \$35 price, or if it should not place an embargo on its stocks so that its reserves are not depleted to the point of non-existence. It would appear that the Balance of Payments program that is being advanced by the U.S. Treasury to protect its reserve position may not reach its objectives and merely hasten the day when the price of gold will have to be revalued, which does not of itself mean a devaluation of the dollar against other currencies of the free world. There is an element of logic in increasing the price of gold if carried out in an orderly multi-national manner rather than living with permanent exchange controls, and restricting world trade to a point of depression.

Early in 1967 Mr. Henry C. Brunie resigned from the Board of Directors on which he had served since 1945. Mr. C. P. Girdwood, a Vice-President and the General Manager of the Company, was elected to the Board to fill the vacancy.

Your Directors wish to record their appreciation of the untiring efforts of the management and staff of the parent and subsidiary companies.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

DOMINE

(Incorporated under
and its subsidiaries)

BALANCE SHEETS

(with comparative figures)

ASSETS

	Parent Company		Consolidated	
	1967	1966	1967	1966
Current Assets:				
Cash, including bank term deposits	\$ 5,518,037	\$ 1,478,219	\$ 6,809,912	\$ 2,552,252
Bullion on hand and in transit, at net realizable value	567,074	487,909	1,462,668	1,452,016
Short term commercial paper, at cost	4,764,201	3,197,203	9,556,088	6,668,102
Marketable securities (schedule attached) (note 2)	1,694,149	3,389,812	5,305,891	7,638,714
Accounts receivable —				
Dividends receivable from subsidiary companies	462,722	536,702		
Other (including accrued interest and estimated amount receivable under the Emergency Gold Mining Assistance Act)	591,231	586,536	1,058,099	1,085,450
	<u>13,597,414</u>	<u>9,676,381</u>	<u>24,192,658</u>	<u>19,396,534</u>
Investments (schedule attached) (notes 1 and 2):				
Subsidiary companies	9,202,403	11,342,114		
Other	7,117,135	7,143,968	9,180,960	11,815,589
	<u>16,319,538</u>	<u>18,486,082</u>	<u>9,180,960</u>	<u>11,815,589</u>
Capital Assets:				
Buildings, machinery and equipment, substantially at cost	6,835,757	6,759,605	17,630,822	17,480,941
Less accumulated depreciation	6,460,153	6,317,516	16,353,731	16,087,467
	<u>375,604</u>	<u>442,089</u>	<u>1,277,091</u>	<u>1,393,474</u>
Mining claims and properties, at cost less amounts written off (note 4)	1	1	735,406	737,607
	<u>375,605</u>	<u>442,090</u>	<u>2,012,497</u>	<u>2,131,081</u>
Other Assets:				
Mining and milling supplies, at cost	936,086	853,027	1,908,782	1,854,430
Deposits and prepaid expenses	71,001	77,624	116,019	129,157
Non-current accounts receivable			240,954	247,952
Special 5% refundable tax	69,237	48,658	221,905	159,229
	<u>1,076,324</u>	<u>979,309</u>	<u>2,487,660</u>	<u>2,390,768</u>
	<u>\$31,368,881</u>	<u>\$29,583,862</u>	<u>\$37,873,775</u>	<u>\$35,733,972</u>

(See accompanying notes)

S LIMITED

(In accordance with the laws of Canada)

Companies

DECEMBER 31, 1967

(December 31, 1966)

LIABILITIES

Parent Company

Consolidated

Current Liabilities:

1967

1966

1967

1966

Salaries and wages payable	\$ 235,936	\$ 240,718	\$ 440,671	\$ 420,417
Accounts payable	136,139	145,552	408,144	390,271
Accrued charges	186,730	98,326	265,984	171,470
Accrued taxes	254,121	121,810	1,001,219	898,480
Dividends payable	389,334	389,334	726,531	726,531

1,202,260

995,740

2,842,549

2,607,169

Deferred Income Taxes

25,000

35,000

111,000

133,000

Minority Interest in Subsidiary Companies

4,778,605

4,440,681

Capital and Surplus:

Capital —

Authorized:

2,000,000 shares of no nominal or par value

Issued:

1,946,668 shares

7,000,000

7,000,000

7,000,000

7,000,000

Paid-in Surplus (no change during year)

3,606,389

3,606,389

3,606,389

3,606,389

Earned Surplus

19,535,232

17,946,733

19,535,232

17,946,733

30,141,621

28,553,122

30,141,621

28,553,122

On behalf of the Board:

J. B. REDPATH, Director.

B. R. MacKENZIE, Director.

\$31,368,881

\$29,583,862

\$37,873,775

\$35,733,972

(financial statements)

Dome Mines Limited

and its subsidiary companies

STATEMENTS OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year 1966)

	Parent Company		Consolidated	
	1967	1966	1967	1966
Revenue:				
Bullion	\$6,845,725	\$6,805,509	\$16,546,493	\$16,312,073
Expenditures:				
Development	1,260,419	1,164,738	2,391,202	2,327,158
Shaft sinking		96,206		96,206
Mining	4,551,130	4,371,141	7,446,632	6,793,423
Reduction	948,998	941,958	2,165,915	2,101,427
Refining and marketing	57,005	56,303	149,721	128,328
General and administrative	389,201	369,927	947,087	875,944
Taxes other than income	52,666	49,958	117,503	113,256
	7,259,419	7,050,231	13,218,060	12,435,742
Less credit under the Emergency Gold Mining Assistance Act	1,405,000	1,305,000	2,092,500	1,814,500
	5,854,419	5,745,231	11,125,560	10,621,242
	991,306	1,060,278	5,420,933	5,690,831
Deduct:				
Provision for depreciation (note 3)	145,115	189,735	432,782	521,587
Provision for tax under Provincial Mining Tax Acts	42,000	44,000	370,800	383,500
Outside exploration expenses	235,382	190,093	353,907	295,255
	422,497	423,828	1,157,489	1,200,342
Operating profit	568,809	636,450	4,263,444	4,490,489
Add other income:				
Equity in earnings of subsidiary companies (including dividends received: 1967 — \$1,442,152; 1966 — \$1,566,712)	1,851,608	1,927,927		
Other dividends	471,425	11,294	626,225	151,044
Interest, etc.	669,326	716,578	1,243,664	1,253,597
	2,992,359	2,655,799	1,869,889	1,404,641
Income before provision for income taxes	3,561,168	3,292,249	6,133,333	5,895,130
Provision for income taxes	360,000	285,000	1,696,940	1,649,425
	3,201,168	3,007,249	4,436,393	4,245,705
Minority interest in income of partially-owned subsidiary companies			1,235,225	1,238,456
Net income for the year	\$3,201,168	\$3,007,249	\$ 3,201,168	\$ 3,007,249
Net income per share			\$ 1.64	\$ 1.54

(See accompanying notes to financial statements)

Dome Mines Limited

and its subsidiary companies

STATEMENTS OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1967 (with comparative figures for the year 1966)

	Parent company		Consolidated	
	1967	1966	1967	1966
Balance January 1	\$17,946,733	\$16,255,076	\$17,946,733	\$20,858,757
Add:				
Net income for the year	3,201,168	3,007,249	3,201,168	3,007,249
Parent company's share of prior years' undistributed earnings of subsidiary companies		4,603,681		
Transfer from reserve for contingencies, securities, etc.		2,354,708		2,354,708
	<u>21,147,901</u>	<u>26,220,714</u>	<u>21,147,901</u>	<u>26,220,714</u>
Deduct:				
Adjustment of prior years' income taxes of a subsidiary company	160,000		160,000	
Less recovery of prior years' income taxes of another subsidiary company (net of minority interest)	104,666		104,666	
	<u>55,334</u>		<u>55,334</u>	
Dividends declared of 80¢ per share comprising four quarterly dividends of 20¢ each	1,557,335	1,557,335	1,557,335	1,557,335
Adjustment to reflect write-down of Dome and Sigma mining claims and properties to a nominal value		6,716,646		6,716,646
	<u>1,612,669</u>	<u>8,273,981</u>	<u>1,612,669</u>	<u>8,273,981</u>
Balance December 31	<u>\$19,535,232</u>	<u>\$17,946,733</u>	<u>\$19,535,232</u>	<u>\$17,946,733</u>

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1967 (with comparative figures for the year 1966)

	Parent company		Consolidated	
	1967	1966	1967	1966
Source of funds:				
Operations —				
Net income for the year	\$ 3,201,168	\$ 3,007,249	\$ 3,201,168	\$ 3,007,249
Depreciation	145,115	189,735	432,782	521,587
Decrease in deferred income taxes	(10,000)	(20,000)	(22,000)	(40,000)
Equity in undistributed earnings of subsidiary companies	(409,456)	(361,215)		
Minority interest in income of subsidiaries less dividends paid			258,188	261,419
Total from operations	<u>2,926,827</u>	<u>2,815,769</u>	<u>3,870,138</u>	<u>3,750,255</u>
Reduction in note receivable from a subsidiary	2,619,532			
Decrease (increase) in other investments	26,834	(4,532,142)	2,634,629	(4,525,142)
Total	<u>5,573,193</u>	<u>(1,716,373)</u>	<u>6,504,767</u>	<u>(774,887)</u>
Application of funds:				
Dividends	1,557,335	1,557,335	1,557,335	1,557,335
Expenditures on capital assets (net)	78,630	148,145	314,198	321,151
Sundry items (net)	222,715	44,931	72,490	182,348
Total	<u>1,858,680</u>	<u>1,750,411</u>	<u>1,944,023</u>	<u>2,060,834</u>
Net increase (decrease) in working capital for year	<u>3,714,513</u>	<u>(3,466,784)</u>	<u>4,560,744</u>	<u>(2,835,721)</u>
Working capital, January 1	8,680,641	12,147,425	16,789,365	19,625,086
Working capital, December 31	<u>\$12,395,154</u>	<u>\$ 8,680,641</u>	<u>\$21,350,109</u>	<u>\$16,789,365</u>

(See accompanying notes to financial statements)

Dome Mines Limited

and its subsidiary companies

SCHEDULE OF MARKETABLE SECURITIES AND INVESTMENTS

DECEMBER 31, 1967

(with comparative figures at December 31, 1966)

Marketable Securities:	Par value or number of shares	Book value (note 2)	
		1967	1966
Parent company —			
Government and government guaranteed short term securities (\$3,425,000 par value in 1966)	\$1,750,000	\$1,694,149	\$ 3,335,569
Sundry			54,243
		1,694,149	3,389,812
Subsidiary companies —			
Government and government guaranteed short term securities (\$4,363,500 par value in 1966)	\$3,703,500	3,611,742	4,248,902
Consolidated		\$5,305,891	\$ 7,638,714
(Quoted market values of above "Marketable Securities": 1967 — parent company \$1,738,000, consolidated \$5,321,000; 1966 — parent company \$3,483,000, consolidated \$7,709,000)			
Subsidiary Companies:			
Parent company (note 2) —			
Campbell Red Lake Mines Limited (57% owned — cost \$1,331,595)	2,270,105	\$5,027,311	\$ 4,622,076
Sigma Mines (Quebec) Limited (63% owned — cost \$731,764)	625,536	2,099,658	2,050,862
Dome Exploration (Canada) Limited (100% owned)	250	25,000	25,000
Dome Investments Limited (100% owned):			
Note receivable		2,022,710	4,642,242
Shares	1,000	27,724	1,934
		\$9,202,403	\$11,342,114
Other Investments:			
Parent company —			
Dome Petroleum Limited:			
7% secured debentures due February 1, 1968	\$3,000,000	\$3,000,000	\$ 3,000,000
Shares	595,000	3,206,543	3,206,543
Canada Tungsten Mining Corporation Limited:			
6% promissory note	\$ 145,200	534,337	534,337
6% income debentures due in 1971	\$ 389,136		
Shares	698,164		
Mattagami Lake Mines Limited:			
Shares	366,192	33,292	33,292
Sundry		342,963	369,796
		7,117,135	7,143,968
Subsidiary companies —			
Cities Service Company, common shares	80,000	2,023,088	2,023,088
Anglo Norrness Shipping Company Limited, promissory note			2,619,532
Local school and municipal debentures (\$29,000 par value in 1966)	\$ 41,000	40,736	29,000
Sundry		1	1
Consolidated		\$9,180,960	\$11,815,589

(Quoted market values of above "Other Investments", including notes and debentures at their par value:

1967 — parent company \$45,100,000, consolidated \$49,265,000;
1966 — parent company \$31,337,000, consolidated \$38,117,000)

(See accompanying notes to financial statements)

Dome Mines Limited

and its subsidiary companies

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1967

1. The consolidated financial statements include the accounts of two wholly-owned subsidiaries, Dome Investments Limited and Dome Exploration (Canada) Limited and two partially-owned subsidiaries, Campbell Red Lake Mines Limited (57% owned) and Sigma Mines (Quebec) Limited (63% owned).
2. In 1966 the company changed from the cost method to the equity method of accounting for its investments in subsidiary companies. As a result, the carrying value of these investments in the balance sheet of the parent company, unconsolidated, reflects the company's share of undistributed earnings of the subsidiaries since acquisition.

Marketable securities and other investments are carried at cost except for (a) shares acquired as a result of development work (which are carried at nominal value), and (b) certain other investments which are carried at cost less amounts written off.

3. Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.
4. The amounts shown for mining claims and properties are made up as follows:

Dome Mines Limited —		
Mining claims and properties, at nominal value	\$	1
Sigma Mines (Quebec) Limited —		
Mining claims and properties, at nominal value	\$	1
Leasehold properties at cost	21,500	21,501
		<hr/>
Campbell Red Lake Mines Limited —		
Mining claims and properties, acquired for 1,277,500 shares issued at	197,500	
(with no deduction for ores mined)		
Excess of cost of Dome's investment in shares of Campbell over underlying book values at date of acquisition	404,539	
Townsite land, at cost	111,865	713,904
		<hr/>
		<u>\$ 735,406</u>

5. The total remuneration paid in respect of 1967 by the company and its subsidiaries to directors of the company, including those holding salaried employment, amounted to \$112,400.

AUDITORS' REPORT

To the Shareholders of
Dome Mines Limited:

We have examined the balance sheets of Dome Mines Limited, parent company, and of Dome Mines Limited and its subsidiary companies consolidated, as at December 31, 1967 and the related statements of income, earned surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of Dome Mines Limited and of that company and its subsidiary companies consolidated, as at December 31, 1967, the results of their operations and the source and application of their funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 2, 1968.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Dome Mines Limited

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

I submit for your consideration this report on the operations of your Company during the year 1967.

During the year 708,800 tons of ore were treated in the mill. In the course of mining operations 52,900 tons of waste rock were excavated, most of which was used as backfill or deposited in the old open pit.

The 708,800 tons of ore milled yielded 179,347 ounces of gold, the yield being 0.2530 ounces, or 5.06 dwt. per ton.

All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on \$35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at current exchange rates. The average price received for gold was \$37.76 per ounce compared to \$37.71 per ounce for the previous year.

COSTS:

The expenditure on development was \$1,260,419 or \$1.78 per ton as compared with \$1,164,738 or \$1.63 per ton milled in 1966.

The expenditure on mining was \$4,551,130 or \$6.42 per ton as compared with \$4,371,141 or \$6.13 per ton milled in 1966.

The total operating charges for the year were \$7,259,419 or \$10.24 per ton as compared with \$7,050,231 or \$9.90 per ton milled in 1966.

The operating cost per ounce of gold produced was \$40.48 as compared with \$39.39 in 1966.

DEVELOPMENT:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR THE YEAR 1967

Level	Drifts	Cross-cuts	Drift and Cross-cut Slab	Raises	Boxholes	Raise and Boxhole Slab	Totals	Diamond Drilling (Exploration & Direction of Mining)
Surface								
1st.			29				29	3,187
3rd								2,845
4th								6,297
5th								2,316
6th	508		13				521	4,955
7th	995	333	117		154	55	1,654	1,083
8th	230	141	88	284	38	69	850	2,066
9th	157		14	203	72	43	489	869
10th	384	367	76		13	21	861	9,515
11th	17		17	371	249	243	897	2,725
12th	320	427	83	243	53	111	1,237	1,408
13th	48		10	502	245	195	1,000	691
14th	303	210	127	137	92	156	1,025	
15th	316		87		117	60	580	
16th								
17th	132	317	42		109	55	655	2,885
18th	30	10	9	188	35		272	312
19th	282	169	60	293	348	121	1,273	4,932
20th	407	100	47		239	132	925	1,646
21st	380		42		223	84	729	4,080
22nd	323		14	139	331	92	899	2,050
23rd	258	934	74	136		18	1,420	3,519
24th	30		14	181	106	108	439	4,512
25th	305	277	49	173	294	114	1,212	7,799
26th	506	92	106	180	303	76	1,263	2,808
27th	30		11	57	188	19	305	2,735
28th				35			35	1,079
29th	40		12	330	34	52	468	9,634
30th								
31st	584	739	88		70	8	1,489	438
32nd	637	588	79	335	69	99	1,807	4,814
33rd								
34th								995
35th								
36th	142	55	14				211	
37th	1,097	875	100	582	74	191	2,919	4,134
TOTALS	8,461	5,634	1,422	4,369	3,456	2,122	25,464	96,329

Development work amounted to 25,464 feet which compares with 25,178 feet in the previous year. The figures for 1967 include 4,717 feet of lateral development and 1,023 feet of ore and waste passes at No. 7 shaft. Development work below the sixteenth level was 16,321 feet as compared with 15,017 feet in the previous year. The total of 96,329 feet of core diamond drilling compares with the total of 118,743 feet in 1966.

MINING:

The 708,800 tons of ore milled during the year were produced as follows:

	Tons	Average Grade Dwt. per Ton
From stopes	621,100	5.64
From development	87,700	2.54
	<u>708,800</u>	<u>5.25</u>

The following tabulation is presented to indicate the sections of the mine from which the ore came:

Source of Ore	Tons	Average Grade Dwt. per Ton	
8th level to surface, No. 3 shaft	30,481	4.10	Dev. & Stope Ore
9th level to 16th level, No. 3 shaft	307,419	5.62	Dev. & Stope Ore
Area serviced by No. 6 internal shaft	353,840	5.17	Dev. & Stope Ore
Area serviced by No. 7 internal shaft	17,060	2.34	Development Ore
Total Mine	<u>708,800</u>	<u>5.25</u>	Dev. & Stope Ore
Ore from Ankerite veins	<u>256,311</u>	<u>4.24</u>	Dev. & Stope Ore
(included in the above)			

ORE RESERVES:

Ore reserves at the close of the year were estimated at 2,028,000 tons with an average grade of 5.58 dwt. as compared with 2,211,000 tons with an average grade of 5.44 dwt. for 1966.

	Tons — 1967	Tons — 1966
Unbroken ore	1,824,000	1,940,000
Broken ore	204,000	271,000
	<u>2,028,000</u>	<u>2,211,000</u>

Ankerite ore comprises 43% of the reserves. This ore is more refractory to the milling process than the normal ore in the mine.

MILL:

Following are the milling results:

Tons of ore treated	708,800 tons
Average tons per day worked	1,974 tons
Average grade of ore treated	5.25 dwt. per ton
Recovery	5.06 dwt. per ton
Recovery percentage	96.35%

CAPITAL EXPENDITURE:

The details of changes in plant buildings and equipment are as follows:

Additions:	
Mine equipment	\$ 33,710
Reduction equipment	33,115
Surface equipment	<u>14,311</u>
	\$ 81,136
Less net book value of retirements	<u>2,506</u>
Net increase	<u>\$ 78,630</u>

GENERAL:

Operations at the mine continue to be adversely affected by inflationary forces with escalating production costs and a shortage of adequate manpower. All efforts were directed to meet the challenges of higher costs for labour, materials and services. In spite of these efforts, total and unit operating costs increased by \$209,188 and 34¢ respectively; of this increase, direct labour accounted for \$182,403 or 26¢ per ton. Operating costs per ounce of gold produced increased \$1.09 to \$40.48.

In order to more effectively meet current grade and tonnage requirements, reassessment of sequence mining of certain orebodies was made during the year. A portion of this ore will be mined by a combination of long-hole and shrinkage methods which will be beneficial to future mining costs. For ground support, some of these zones will require filling with hydraulic backfill. The use of shrinkage and long-hole mining has continued and in this regard the following tabulation will be of interest:

<u>Source of Ore</u>	<u>Tons</u>	<u>% of Ore Milled</u>
Cut and fill stopes	499,300	70.4
Shrinkage stopes	79,500	11.2
Long-hole stopes	42,300	6.0
Development ore	87,700	12.4
	<u>708,800</u>	<u>100.0</u>

Development accomplished during the year has been tabulated on page 13 and it will be noted that the total work done was slightly higher than the previous year although diamond drilling footage decreased. Work in the No. 7 shaft area accounted for 25% of the total footage and ore has been developed on the 32nd and 34th levels; work on the 31st level has not yet reached the projected ore zone. On the 37th level, no ore has been found to date but further lateral development, raising and diamond drilling remain to be done. From the work done to date on three levels at No. 7 shaft, it appears that these new levels will not be as productive in either tonnage or grade as the levels above. In the No. 3 and No. 6 shaft areas, development, while not as productive as in former years, was moderately successful in finding additional ore. Several long-range development drives in favourable geological structures were underway at the end of the year; diamond drill holes, in two of these zones, have intersections of better than mine average ore grade. Due to rising costs, it has been necessary to remove from ore reserves certain material formerly classed as ore. For the above reasons, and after milling 708,800 tons, ore reserves declined by 183,000 tons. Following the pattern of recent years the grade of reserves increased slightly and is the highest in the past 24 years.

The slightly lower tonnage milled was due to the labour shortage which was particularly acute during the summer months. The percentage of refractory ankerite ore treated has increased steadily during the past three years and reached 36% of the ore milled in 1967, accounting for the reduction in overall recovery of 0.50% to 96.35%. Laboratory tests have shown that it is not economic, under present conditions, to improve extraction by finer grinding or roasting of the sulphide fraction prior to cyanidation. At Dome, ore is found in five main geological types, namely: dacite, sediments, ankerite, porphyry and highly altered rocks. For optimum recovery, efforts are directed to obtain an acceptable mix of the refractory ore with the other ore from the mine.

Costs of ore reduction were 1¢ per ton higher for the year. With an improvement in the grade of ore milled, gold recovery increased by 359 ounces, resulting in an increase in bullion value of \$40,216. The value of production for 1967 at \$6,845,725 is the highest during the past 26 years.

Shortages of manpower, skilled and unskilled, have been experienced with considerable severity for the past few years. We are encouraged to note that towards the end of the year the Federal Government formulated new immigration policies which will permit entry, under certain conditions, of immigrants who are badly needed to supplement the labour force with men who are able, willing and adaptable to the productive work that mining affords. At Dome, during certain periods, labour turnover was up to five times normal which necessitated the continuance throughout the year of the on-the-job training program for miners in co-operation with the Ontario Department of Labour.

The mining industry creates an important stimulus to the secondary and service industries through its requirements for machinery, equipment, supplies and services. That gold mining continues to contribute substantially to the Canadian economy, as well as to the local community, is illustrated by the summary of this Company's expenditures on labour, services and supplies as set forth on the page immediately following.

Again I take this opportunity to acknowledge the co-operation and efficient services rendered by the heads of departments and members of the staff and the continued loyal service of all employees during the year. I acknowledge also the support and assistance of the Chairman of the Board, the President and the Directors.

Respectfully submitted,

South Porcupine, Ontario,
February 19, 1968.

CHARLES P. GIRDWOOD, General Manager.

Dome Mines Limited

Total amount of wages and salaries	\$4,639,216
Total supplies and services (excluding employee benefits)	2,462,037
Income taxes	360,000
Other taxes (Provincial and Municipal)	95,719
Workmen's Compensation Board of Ontario Assessments	503,427
Unemployment Insurance	37,403
Cost of Dome Pension Plan, Canada Pension Plan, Group Life Insurance, Sick Pay, Medical Plan and other employee benefits	236,078

Principal Cities and Towns in Canada which Benefit

Acton	Elliot Lake	Malartic	Roxboro
Agincourt	Etobicoke	Malton	St. Catharines
Ajax	Fort Erie	Maple	Ste. Foy
Algoma Mills	Fredericton	Matagami	St. Thomas
Amos		Montreal	Sarnia
Arnprior	Gagnon	New Liskeard	Sault Ste. Marie
Authier	Galt	Newmarket	Scarborough
Balmertown	Gananoque	Niagara Falls	Schomberg
Beachville	Grimsby	Nobel	Schumacher
Belleville	Guelph	Noranda	Selkirk
Bourlamaque	Haileybury	North Bay	Senneterre
Bowmanville	Halifax		Sherbrooke
Bramalea	Hamilton	Oakville	Sioux Lookout
Brampton	Hull	Orillia	South Porcupine
Brantford	Ingersoll	Oshawa	Sudbury
Brownsburg	Iroquois Falls	Ottawa	Sunny Brae
Burlington	Islington	Owen Sound	Swastika
Calgary	Joliette	Pamour	Thornbury
Chibougamau	Kingston	Peterborough	Timmins
Clarkson	Kirkland Lake	Pickering	Toronto
Cobalt	Kitchener	Pointe Claire	
Cooksville	Lachine	Porcupine	Val d'Or
Copper Cliff	LaSalle	Port Elgin	Vancouver
Cornwall	LaSarre	Port Hope	Victoria
Don Mills	Lavigne	Quebec	Walkerville
Dorval	Leaside		Waterloo
Downsview	Lively	Redditt	Welland
Dundas	London	Red Lake	Weston
Dunnville	Macamic	Rexdale	Whitby
Edmonton	Madsen	Richmond Hill	Willowdale
		Rouyn	Winnipeg

Number of Communities, Companies and Individuals through whom Supplies and Services are Purchased

	Communities	Companies and Individuals
Alberta	2	4
British Columbia	2	12
Manitoba	2	6
New Brunswick	1	1
Nova Scotia	2	6
Ontario	85	484
Quebec	24	78
United States of America	12	13
Great Britain	2	2
	<u>132</u>	<u>606</u>

Dome Exploration (Canada) Limited

(Incorporated under the laws of Canada)

REPORT OF THE PRESIDENT

Toronto, Ontario,
February 22, 1968.

To the Chairman of the Board and Directors of
Dome Mines Limited:

As approved at the Annual Meeting of Dome Mines Limited in April 1959, all new exploration ventures entered into for a period of five years after January 1, 1959, and thereafter on a yearly basis, are shared with the subsidiary companies, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited. In the following report, unless specifically noted otherwise, the various exploration endeavours are joint ventures to which Dome and the subsidiary companies contribute.

MARITIME PROVINCES:

Your Company participated in the Hansa Syndicate to the extent of 18 $\frac{3}{4}$ %. This Syndicate has undertaken the exploration of two mineral concessions in the Buchans area of the central mineral belt of Newfoundland. During the year, electromagnetic and magnetic airborne surveys were completed over the concessions. Ground follow-up will continue in 1968.

Late in 1967, your Company acquired 224 claims on Cape Breton Island, Nova Scotia. These claims were acquired to give prospecting protection in an area of known geochemical anomalies. The program to explore this ground will be carried out during 1968.

QUEBEC:

For most of the year 1967, your Company has been involved in the follow-up of airborne electromagnetic anomalies in an area in Northwestern Quebec. This program involved staking 285 claims or 28,257 acres covering selected anomalies. Seventy-eight miles of picket lines were cut and this area surveyed by one or more geophysical techniques. As a result of the foregoing program, 27 anomalies considered worthy of drilling were delineated. At year-end, twelve holes aggregating 3,677 feet had been drilled on several of these anomalies, which were found to be caused by uneconomic sulphide mineralization. Fourteen anomalies remain to be drilled in 1968.

In the early summer of 1967, your Company placed a uranium prospecting party in the late Precambrian sedimentary basin north of Lake Mistassini. As a result of a great deal of interest by several other companies at approximately the same time, a major staking rush took place in this area. Your Company acquired 242 claims within the area of interest. During the course of the 1967 field season these claims were prospected and an airborne radiometric survey was carried out over 222 of them.

Your Company staked a thirty-claim property in the Senneterre area, in 1966. During 1967, 26 miles of picket lines were cut on this property and these lines were covered by electromagnetic and magnetic surveys. Nothing of interest was found on the property and it will be allowed to lapse. Also in Northwestern Quebec, your Company participated in the Macamic Syndicate (Dome interest 20%) with partners in a reconnaissance geophysical program in an area deemed to be favourable for the occurrence of base-metal sulphides. As a result of this program, 440 line miles of reconnaissance and detailed geophysics were carried out and one anomalous area was found which will be investigated in 1968.

During the year a new program was carried out on the property of Clinton Copper Mines Limited (Dome interest 33 $\frac{1}{3}$ %). This program consisted of line cutting and deeply-penetrating electromagnetic surveys over selected portions of the property. It also included soil sampling, where warranted, and a program of five diamond drill holes, aggregating 4,350 feet.

ONTARIO:

During 1967, your Company carried out a diamond drilling program on anomalies found during an airborne survey carried out in 1966. During this program eighteen holes were drilled for a total of 5,483 feet. In each case the anomaly being tested was adequately explained by the drilling but unfortunately no ore-grade values were encountered.

In the Wesleyan Lake area prospecting was carried out on a small gold showing staked by your Company in 1966. The results of this prospecting indicated that the showing was of very limited potential and the claims were dropped.

MANITOBA-SASKATCHEWAN:

Your Company participated in the Flonatin Syndicate (Dome interest 20%) in an extensive airborne geophysical project covering certain areas in Manitoba and Saskatchewan. During 1967 five holes were drilled for a total of 2,727 feet, culminating a program which had involved 14 drill holes for 8,424 feet.

A number of anomalies found in this survey were drilled but no ore-grade mineralization was found. As a result, this program was terminated in 1967.

WESTERN CANADA:

In British Columbia and the Yukon Territory, your Company participated with various partners in two major exploration programs.

In the Coranex project (Dome interest 20%) your Company participated for the third year in a broad exploration program in central British Columbia and the Yukon. During 1967, the greatest efforts of this venture were concentrated on the detailed exploration of an area of low-grade copper mineralization in south-central British Columbia. A very comprehensive program was carried out but at year-end it was concluded that the most interesting areas had been thoroughly explored without finding economic mineralization.

Your Company also participated in a Syndicate involving a major exploration program in the Yukon Territory and adjacent British Columbia. Your Company's interest in this project was 16.6%. A considerable portion of the efforts of this Syndicate was involved in the detailed exploration of a skarn-type copper occurrence. The exploration program carried out on this prospect indicated that it did not have sufficient potential to warrant further work.

ALASKA:

Unlike the preceding exploration ventures, participation in this widespread program which originated before 1959 was carried by Dome Mines Limited without the participation of its subsidiary companies. Dome Mines Limited has a 33 $\frac{1}{3}$ % interest in this program. General prospecting was carried out in various parts of Alaska.

Further work was carried out on the Denali and Pioneer copper prospects which Dome Mines Limited participated in to the extent of 36% interest in these two prospects. On the Denali property, an electromagnetic survey was carried out as well as further surface mapping and bulldozer trenching. In addition to this, seven drill holes for a total of 1,385 feet were completed. Interesting intersections of good-grade copper mineralization were found but work to date has been insufficient to allow a reliable estimate of the potential of the deposit.

An induced polarization survey was carried out over the low-grade Pioneer copper prospect, but results were not encouraging.

GENERAL:

During 1967, seventy-nine routine exploration proposals were brought to the attention of your Company. Of this number only five warranted field examination.

Your Company participated in various prospecting ventures organized by individual prospectors in Quebec, Ontario, British Columbia and the Northwest Territories.

Yours faithfully,

JAMES B. REDPATH,
President.

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

Report to Shareholders

For the Financial Year Ended December 31

1 9 6 7

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

(Incorporated under the laws of Quebec)

HEAD OFFICE AND LOCATION OF MINE
Township of Bourlamaque, County of Abitibi, Province of Quebec
(Post Office: Bourlamaque, Quebec, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD
42 Wall Street, New York, N.Y. 10005.

ADDRESS OF THE PRESIDENT
360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY
Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

REGISTRAR AND TRANSFER AGENT
Canada Permanent Trust Company
253 Bay Street, Toronto 1, and 600 Dorchester Blvd. West, Montreal 2

DIRECTORS

Clifford W. Michel	New York, N.Y.
Louis Brochu	Montreal, Que.
James B. Redpath	Toronto, Ont.
Bryce R. MacKenzie	Toronto, Ont.
Fraser M. Fell	Toronto, Ont.
Kenneth D. Watson	Pacific Palisades, Calif.

OFFICERS

Chairman of the Board	Clifford W. Michel
President	James B. Redpath
Secretary	Bryce R. MacKenzie
Assistant Secretary	Fraser M. Fell
General Manager	George E. Peacock
General Superintendent	Gordon Michaelson

AUDITORS

Clarkson, Gordon & Co., Toronto 1, Ont.

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

COMPARATIVE SUMMARY

	<u>1967</u>	<u>1966</u>
Tonnage Milled	472,174	448,950
Ounces Gold Produced	80,059	79,277
Average Price of Gold per ounce	\$37.75	\$37.71
Value of Bullion	\$3,046,726	\$3,009,060
Operating Costs	\$3,218,864	\$2,811,043
Net Income	\$ 378,007	\$ 437,771
Net Income per share	\$0.38	\$0.44
Current Assets	\$3,037,151	\$2,943,005
Current Liabilities	\$ 465,580	\$ 468,153
Working Capital	\$2,571,571	\$2,474,852
Number of Shareholders — December 31	715	733
Dividends Declared	\$ 300,000	\$ 300,000
Dividends declared per share	\$0.30	\$0.30
Shares Issued	1,000,000	1,000,000

REPORT OF THE DIRECTORS

of

Sigma Mines (Quebec) Limited

(No Personal Liability)

(For the Financial Year Ended December 31, 1967)

Toronto, Ontario,
February 22, 1968.

To the Shareholders of
Sigma Mines (Quebec) Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Source and Application of Funds, all certified by the Auditors of the Company, and the Report of the General Manager, covering the financial year ended December 31, 1967.

The gross production for 1967 was 80,059 ounces of gold as compared with 79,277 ounces for 1966.

The operating profit before deducting depreciation, tax under the Quebec Mining Duties Act, outside exploration expenses and provision for income taxes was \$515,362. The non-operating revenue amounted to \$118,591. These combined gave a total of \$633,953. Depreciation amounted to \$135,838. Outside exploration expenses amounted to \$31,808 leaving profits of \$466,307 before Federal and Provincial taxes. After providing \$88,300 for such taxes, the net income amounted to \$378,007 as compared with \$437,771 a year ago. Dividends totalling \$300,000 were declared during the year.

Ore reserves were 1,292,310 tons at the end of the year, a slight decrease from the preceding year.

Production for the year was sold to the Royal Canadian Mint at an average price of \$37.75 and on this production an additional \$8.59 per ounce was received under the Emergency Gold Mining Assistance Act. Thus, the return for the year, including Emergency Gold Mining Assistance benefits, was \$46.34 per ounce as compared with \$44.14 in 1966.

The total cost of the operation increased by approximately 14% due to a larger work force required to produce increased tonnage and a general wage increase effective February 1st, 1967.

Development of the 6 lower levels served by No. 3 Shaft continues to be disappointing in the amount of ore encountered. The bottom or 36th level has given indications of being the most productive of the six.

The Emergency Gold Mining Assistance Act was renewed for a period of three years with the formula covering the rate of assistance remaining unchanged. With ever increasing inflation and its effects on wage levels and the cost of supplies, Sigma Mines and the Canadian gold industry as a whole, must look forward to diminishing operating revenues until such time as E.G.M.A. conditions are liberalized or the price of gold is increased.

Panarctic Oils Limited was organized during 1967 to explore for oil on 44 million acres in Canada's Arctic Islands. It is expected that \$20 million will be expended on this venture. Of this amount 45% will be provided

by the Canadian Government and 55% by a group of twenty oil and mining companies. Through its part in the exploration agreement with the parent company, Dome Mines Limited, your Company will participate in this project to the extent of approximately \$30,000 over a four year period.

We greatly regret the resignation from the Board of Directors of Mr. Hector Authier who had been connected with your Company and its predecessor company since its inception in 1934. Mr. Authier's counsel with his broad experience in the mining industry and northern development will be missed by his colleagues.

The Company continued to participate to the extent of 10% with Dome Mines Limited in a number of prospecting ventures, details of which appear on page twelve of this report.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"Speculation as to a change in the price of gold became active in the latter part of the year, incident to the British devaluation of the pound and the continuing heavy loss of gold by the United States, reflecting its unfavorable Balance of Payments position. Despite the United States' insistence that the \$35 price will be maintained, a growing body of conservative banking opinion in the country is questioning whether the Government should continue to sell its gold at the \$35 price, or if it should not place an embargo on its stocks so that its reserves are not depleted to the point of non-existence. It would appear that the Balance of Payments program that is being advanced by the U.S. Treasury to protect its reserve position may not reach its objectives and merely hasten the day when the price of gold will have to be revalued, which does not of itself mean a devaluation of the dollar against other currencies of the free world. There is an element of logic in increasing the price of gold if carried out in an orderly multi-national manner rather than living with permanent exchange controls, and restricting world trade to a point of depression."

Your Directors take pleasure in expressing their appreciation of the efficient services rendered during the year by the management and operating staff.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

SIGMA MINES (C

(No Person
(Incorporated un

BALANCE SHEET

(with comparative figu

ASSETS

Current Assets:	1967	1966
Cash, including bank term deposits	\$ 194,548	\$ 247,232
Bullion on hand and in transit, at net realizable value	198,728	162,002
Short term commercial paper, at cost	1,172,343	962,079
Government and government guaranteed bonds, at cost (quoted market value 1967 — \$1,108,000; 1966 — \$1,266,000)	1,164,070	1,312,005
Accounts receivable (including accrued interest and estimated amount receivable under the Emergency Gold Mining Assistance Act)	307,462	259,687
	<u>3,037,151</u>	<u>2,943,005</u>
Capital Assets:		
Buildings, machinery and equipment, at cost	4,309,417	4,208,826
Less accumulated depreciation	<u>3,965,197</u>	<u>3,835,496</u>
	344,220	373,330
Mining claims and properties, at nominal value	1	1
Leasehold properties, at cost	<u>21,500</u>	<u>21,500</u>
	<u>365,721</u>	<u>394,831</u>
Other Assets:		
Mining and milling supplies, at cost	412,502	417,112
Prepaid expenses	13,975	16,072
Special 5% refundable tax	25,805	20,700
	<u>452,282</u>	<u>453,884</u>
	<u>\$3,855,154</u>	<u>\$3,791,720</u>

AUDITO

To the Shareholders of
Sigma Mines (Quebec) Limited:

We have examined the balance sheet of Sigma Mines (Quebec) Limited as at December 31, 1967 and the related statements of income, earned surplus and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

EBEC) LIMITED

ty)

ws of Quebec)

CEMBER 31, 1967

ember 31, 1966)

LIABILITIES

Current Liabilities:

	1967	1966
Salaries and wages payable	\$ 138,617	\$ 113,038
Accounts payable	142,976	112,429
Accrued charges	26,510	38,674
Accrued taxes	7,477	54,012
Dividends payable	150,000	150,000
	<u>465,580</u>	<u>468,153</u>
Deferred Income Taxes	33,000	45,000

Capital and Surplus:

Capital authorized and issued —		
1,000,000 shares of \$1 par value	1,000,000	1,000,000
Earned surplus	2,356,574	2,278,567
	<u>3,356,574</u>	<u>3,278,567</u>

On behalf of the Board:

J. B. REDPATH, Director.

B. R. MacKENZIE, Director.

\$3,855,154

\$3,791,720

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements present fairly the financial position of Sigma Mines (Quebec) Limited as at December 31, 1967, the results of its operations and the source and application of its funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 2, 1968.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1967 (with comparative figures for the year 1966)

Revenue:	1967	1966
Bullion	\$3,046,726	\$3,009,060
Expenditures:		
Development	605,241	624,338
Mining	1,809,805	1,488,596
Reduction	533,402	450,902
Refining and marketing	22,389	20,701
General and administrative	213,668	192,643
Taxes other than income	34,359	33,863
	3,218,864	2,811,043
Less credit under the Emergency Gold Mining Assistance Act	687,500	509,500
	2,531,364	2,301,543
	515,362	707,517
Deduct:		
Provision for depreciation (note)	135,838	173,101
Provision for tax under the Quebec Mining Duties Act	22,800	34,500
Outside exploration expenses	31,808	33,289
	190,446	240,890
Operating profit	324,916	466,627
Add interest earned, etc.	118,591	113,644
Income before provision for income taxes	443,507	580,271
Provision for income taxes	65,500	142,500
Net income for the year	\$ 378,007	\$ 437,771
Net income per share	\$ 0.38	\$ 0.44

Note: Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1967 (with comparative figures for the year 1966)

	1967	1966
Balance January 1	\$2,278,567	\$2,602,295
Add net income for the year	378,007	437,771
	2,656,574	3,040,066
Deduct:		
Dividends declared — 30¢ per share	300,000	300,000
Write-down of mining claims and properties to a nominal value		461,499
	300,000	761,499
Balance December 31	\$2,356,574	\$2,278,567

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1967 (with comparative figures for the year 1966)

Source of funds:	1967	1966
Operations —		
Net income for the year	\$ 378,007	\$ 437,771
Depreciation	135,838	173,101
Decrease in deferred income taxes	(12,000)	(20,000)
Total	<u>501,845</u>	<u>590,872</u>
Application of funds:		
Dividends	300,000	300,000
Expenditures on capital assets (net)	106,728	43,822
Increase (decrease) in other assets	(1,602)	38,164
Total	<u>405,126</u>	<u>381,986</u>
Net increase in working capital for year	96,719	208,886
Working capital, January 1	2,474,852	2,265,966
Working capital, December 31	<u>\$2,571,571</u>	<u>\$2,474,852</u>

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1967 is submitted for your consideration.

During the year 518,365 tons of rock were hoisted, of which 472,174 tons were ore which was treated in the mill and 46,191 tons were waste.

The 472,174 tons of ore milled yielded bullion containing 80,059 ounces of gold, the average yield being 0.1696 ounces or 3.39 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on \$35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at current exchange rates. The average price received for gold was \$37.75 per ounce compared with \$37.71 per ounce for the previous year.

MINING:

Broken ore totalling 278,110 tons remains in the stopes and in drifts as a result of stope preparation, a decrease of 42,880 tons from the previous year.

In all 443,126 tons of a grade of 3.62 dwt. were drawn from the stopes and were sent to the mill. This represents an increase of 21,616 tons from the previous year.

Waste rock produced amounted to 47,095 tons of which 904 tons were dumped directly into empty stopes, and 46,191 tons were hoisted to surface. Waste backfill returned through raises from surface amounted to 14,633 tons and 96,529 tons of hydraulic backfill were piped underground.

The main stoping operations were between the 24th level and the 10th level; 25.9 per cent of production came from cut-and-fill stopes.

DEVELOPMENT:

A total of 15,979 feet of development work was done during the year. This work was distributed between the 10th and 36th levels.

Development of the 6 lower levels served by No. 3 Internal Shaft during the year continued to disclose short ore shoots and erratic values. Somewhat better continuity of values was exhibited by the "O" Zone on the 36th or deepest level.

Diamond Drilling totalling 63,994 feet was done underground in search of new ore and as a guide to mining. In addition 5,690 feet of surface diamond drilling was done which disclosed nothing of economic interest.

The following table shows the details of development and diamond drilling completed during the year:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1967

Level	Drifts	Crosscuts	Raises	Slash	Total	Diamond Drilling
Surface	-----	-----	-----	-----	-----	5,690
6th	-----	-----	-----	-----	-----	489
10th	-----	114	-----	8	122	1,393
11th	318	214	-----	53	585	3,641
12th	232	-----	-----	20	252	4,446
13th	207	9	-----	7	223	4,348
14th	490	102	-----	21	613	6,025
15th	230	-----	-----	-----	230	406
16th	101	-----	-----	-----	101	1,352
17th	-----	-----	-----	-----	-----	1,573
18th	-----	-----	31	5	36	-----
19th	290	198	623	115	1,226	2,209
20th	-----	527	-----	19	546	-----
21st	120	-----	179	4	303	-----
23rd	76	173	307	39	595	-----
24th	151	63	-----	10	224	-----
25th	-----	-----	-----	-----	-----	2,352
26th	769	335	179	40	1,323	9,979
27th	-----	-----	-----	-----	-----	1,320
28th	48	-----	129	-----	177	500
29th	-----	-----	20	4	24	4,360
30th	926	-----	173	47	1,146	4,183
31st	728	248	217	76	1,269	3,011
32nd	1,088	475	110	90	1,763	993
33rd	372	449	-----	68	889	2,842
34th	1,423	297	207	79	2,006	1,584
35th	166	30	59	17	272	3,649
36th	1,394	428	182	50	2,054	3,339
Totals	9,129	3,662	2,416	772	15,979	69,684

ORE PRODUCTION:

The mine produced 472,174 tons of ore during the year which averaged 3.56 dwt. The stopes produced 443,126 tons averaging 3.62 dwt. and the development work produced 29,048 tons averaging 2.69 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,292,310 tons, a decrease of 55,680 tons from last year. The reserves include 278,110 tons of broken ore.

A summary of the distribution of ore in place, broken ore and total ore mined to the end of 1967 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore In Place	Average Grade (Dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1967
Surface to 1st Level	5,000	8.11	-----	30,918
1st Level to 2nd Level	-----	-----	-----	493,191
2nd Level to 3rd Level	-----	-----	-----	1,021,610
3rd Level to 4th Level	-----	-----	-----	963,214
4th Level to 5th Level	-----	-----	-----	813,543
5th Level to 6th Level	-----	-----	-----	790,696
6th Level to 7th Level	-----	-----	-----	737,190
7th Level to 8th Level	2,000	4.38	5,100	828,669
8th Level to 9th Level	-----	-----	14,960	698,656
9th Level to 10th Level	16,700	4.05	9,340	414,875
10th Level to 11th Level	15,000	4.31	10,920	379,694
11th Level to 12th Level	25,200	3.72	73,100	497,045
12th Level to 13th Level	21,700	4.29	42,520	334,016
13th Level to 14th Level	71,700	5.09	28,720	188,228
14th Level to 15th Level	58,700	5.35	780	226,007
15th Level to 16th Level	5,600	3.56	13,150	506,683
16th Level to 17th Level	25,700	3.74	12,210	439,458
17th Level to 18th Level	132,600	4.65	29,440	287,820
18th Level to 19th Level	87,500	4.07	2,810	65,337
19th Level to 20th Level	23,300	3.71	14,800	153,405
20th Level to 21st Level	51,000	4.48	-----	6,121
21st Level to 22nd Level	62,700	4.66	16,770	105,995
22nd Level to 23rd Level	76,600	4.67	1,830	186,927
23rd Level to 24th Level	19,100	4.11	800	230,606
24th Level to 25th Level	32,000	4.59	120	409
25th Level to 26th Level	26,700	4.31	30	1,520
26th Level to 27th Level	46,200	4.03	-----	-----
27th Level to 28th Level	41,000	4.24	250	3,787
28th Level to 29th Level	49,500	4.59	-----	-----
29th Level to 30th Level	27,900	4.28	460	2,902
30th Level to 31st Level	19,800	4.49	-----	-----
31st Level to 32nd Level	7,900	4.00	-----	-----
32nd Level to 33rd Level	8,500	3.87	-----	-----
33rd Level to 34th Level	14,200	4.06	-----	-----
34th Level to 35th Level	4,500	3.55	-----	-----
35th Level to 36th Level	35,900	4.07	-----	-----
	1,014,200	4.45	278,110	10,408,522

MILL:

The following are the results of milling operations for the year 1967:

Average daily tons milled	1,294
Tons of ore treated	472,174
Average grade of ore treated	3.56 dwt. per ton
Recovery	3.39 dwt. per ton
Recovery percentage	95.29%

COSTS:

The expenditure on mining was \$1,809,805 or \$3.84 per ton milled.

The expenditure on development was \$605,241 or \$1.28 per ton milled.

The operating costs including Mint handling charges were \$6.82 per ton milled, as compared with \$6.26 for the previous year.

CAPITAL EXPENDITURES:

Net capital expenditures for the year totalled \$106,728. The main expenditures were for mine cars, locomotives and slusher hoists for underground; crusher screens, alterations to mill building and spare parts and stand-by equipment for the mill; office machines and alterations to the underground change house.

The details of changes in the plant and equipment are as follows:

Additions:

Mine equipment	\$ 35,291
Reduction equipment	37,490
Surface equipment	40,280
	<u>\$ 113,061</u>
Less net book value of retirements	6,333
Net increase	<u>\$ 106,728</u>

GAMMA MINES (QUEBEC) LIMITED:

This property was optioned to Sigma in December, 1939. The option is still in force but there was no work done during the year.

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 10% interest in the following:

Maritime Provinces:

A participation with others in the exploration of two mineral concessions in central Newfoundland. The first phase of this exploration program consisted of airborne electromagnetic and magnetic surveys over the concession areas. Ground follow-up of the airborne geophysical surveys will be carried out in 1968.

A participation in the acquisition of a property in Nova Scotia, in an area of known geochemical anomalies. An exploration program will be carried out on this property during 1968.

Quebec:

A participation, throughout 1967, in an extensive program involving the follow-up of an airborne electromagnetic survey in Northwestern Quebec. This program involved staking 285 claims covering selected anomalies. As a result of ground geophysical surveys carried out on the staked claims, 27 anomalies have been selected for drilling. At year-end twelve holes aggregating 3,677 feet had been

drilled on a number of these anomalies which were found to be caused by uneconomic sulphide mineralization. Fourteen anomalies remain to be drilled in 1968.

A participation in a prospecting venture in the Lake Mistassini area of Northern Quebec. As a result of this venture, 242 claims were acquired in an area which appears to have uranium possibilities. During the 1967 season these claims were prospected and an airborne radiometric survey was carried out over 222 of them. Further work is planned for these properties during 1968.

A participation in the exploration of a thirty-claim property in the Senneterre area of Quebec. During the year electromagnetic and magnetic surveys were carried out over 26 line miles, but no drilling targets were found. Also in Northwestern Quebec, in participation with others, a reconnaissance geophysical program was carried out in an area deemed to be favourable for the occurrence of base-metal sulphides. This program covered 440 line miles of reconnaissance and detailed surveys and outlined one target of sufficient interest to warrant further investigation in 1968.

A participation in a new program carried out on the property of Clinton Copper Mines Limited. The program consisted of line cutting, deeply-penetrating electromagnetic surveys and soil sampling. In addition, five diamond drill holes, totalling 4,350 feet, were drilled.

Ontario:

A participation in a diamond drilling program to test anomalies found during an airborne survey carried out in 1966. This program involved 18 holes for a total of 5,483 feet. Drilling succeeded in explaining all the anomalies but unfortunately no ore-grade values were encountered.

A participation in a prospecting program in Northwestern Ontario, adjacent to a small gold showing which was discovered and staked in 1966.

Manitoba-Saskatchewan:

A participation with others in the Flonatin project. This program involved the testing by diamond drilling of a number of airborne anomalies found during an airborne geophysical exploration program carried out during preceding years. During 1967 five holes were drilled for a total of 2,727 feet, culminating a program which had involved 14 drill holes for 8,424 feet. Numerous sulphide zones were found during the drilling program but no ore-grade mineralization was disclosed.

Western Canada:

A participation in the Coranex project during its third year of a broad exploration program in British Columbia and the Yukon. During 1967 the greatest efforts of this venture were concentrated on the detailed exploration of an area of low-grade copper mineralization in south-central British Columbia. The comprehensive program carried out on this property, although centered around interesting new showings, did not succeed in outlining economic copper mineralization.

A participation with others in a Syndicate involving a major exploration venture in the Yukon Territory and adjacent British Columbia. Detailed exploration on a skarn-type copper occurrence indicated that it did not have sufficient potential to warrant further work.

General:

Various participations in prospecting ventures organized by individual prospectors in Quebec, Ontario, British Columbia and the Northwest Territories.

GENERAL:

On February 1st, 1967 the collective bargaining agreement with Le Syndicat des Employes de Sigma Mines (Quebec) Limited was renewed. A general wage increase introduced at that time was reflected in the increased operating costs.

The labour force was increased by 60 during the year and despite increased mill tonnage the reduction in broken ore reserves was less than the previous year. This increase in manpower was also reflected in increased operating costs.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries and distribution of taxes.

In conclusion, my sincere thanks and appreciation are extended to Mr. Gordon Michaelson, General Superintendent, to the heads of the various departments and to all members of the operating staff for their efficiency and loyalty.

Yours faithfully,

GEORGE E. PEACOCK,
General Manager.

Bourlamaque, Quebec,
February 19, 1968.

Sigma Mines (Quebec) Limited

(No Personal Liability)

Total supplies and services	\$1,340,903
Total amount of wages and salaries	2,022,733
Income taxes	65,500
Other taxes (Provincial and Municipal)	57,159

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Ajax	Guelph	Port Hope
Amos	Haileybury	Quebec
Arnprior	Hamilton	Rexdale
Barraute	Kingston	Rouyn
Belleville	Kirkland Lake	Sault Ste. Marie
Beloeil	Kitchener	Scarborough
Bourlamaque	La Salle	Sorel
Brantford	London	South Porcupine
Burlington	Malartic	St. Catharines
Cap-de-la-Madeleine	Markham	St. Laurent
Clarkson	Montreal	Sudbury
Cobalt	New Liskeard	Swastika
Cooksville	Noranda	Thornbury
Copper Cliff	North Bay	Timmins
Don Mills	Oakville	Toronto
Dorval	Orillia	Val d'Or
Downsview	Oshawa	Waterloo
Dundas	Ottawa	Welland
Elliot Lake	Peterborough	Weston
Fort Erie	Pointe Claire	Willowdale
Galt	Port Arthur	Windsor

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
Quebec	18	170
Ontario	44	149
United States of America	3	3
	<u>65</u>	<u>322</u>

CAMPBELL RED LAKE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1967

CAMPBELL RED LAKE MINES LIMITED

(Incorporated under the laws of Ontario)

LOCATION OF MINE

Township of Balmer, Red Lake Mining Division, Province of Ontario
(Post Office: Balmertown, Ontario, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD

42 Wall Street, New York, N.Y. 10005.

HEAD OFFICE AND ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

REGISTRARS

Canada Permanent Trust Company
253 Bay Street, Toronto 1, Ont.
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015.

TRANSFER AGENTS

The Sterling Trusts Corporation, 372 Bay Street, Toronto 1, Ont.
The Bank of New York, 20 Broad Street, New York, N.Y. 10005.

DIRECTORS

Clifford W. Michel	.....	New York, N.Y.
William F. James	.....	Toronto, Ont.
John K. McCausland	.....	Toronto, Ont.
James B. Redpath	.....	Toronto, Ont.
Bryce R. MacKenzie	.....	Toronto, Ont.

OFFICERS

Chairman of the Board	.....	Clifford W. Michel
President	.....	James B. Redpath
Secretary	.....	Bryce R. MacKenzie
Treasurer	.....	E. J. Andrecheck
General Manager	.....	J. Chisholm
Assistant General Manager	.....	M. A. Taschereau

AUDITORS

Clarkson, Gordon & Co., Toronto 1, Ont.

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the proxy statement will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	<u>1967</u>	<u>1966</u>
Tonnage Milled	261,408	257,884
Ounces Gold Produced	173,451	170,359
Average Price of Gold per ounce	\$38.23	\$38.10
Value of Bullion	\$6,654,042	\$6,497,504
Operating Costs	\$2,734,568	\$2,572,429
Net Income	\$2,529,296	\$2,485,013
Net Income per share	\$0.63	\$0.62
Current Assets	\$7,965,971	\$7,210,867
Current Liabilities	\$1,634,935	\$1,603,551
Working Capital	\$6,331,036	\$5,607,316
Number of Shareholders — December 31	4,938	4,925
Dividends Declared	\$1,999,750	\$1,999,750
Dividends declared per share	\$0.50	\$0.50
Shares Issued	3,999,500	3,999,500

REPORT OF THE DIRECTORS

of

Campbell Red Lake Mines Limited

(For the Financial Year Ended December 31, 1967)

Toronto, Ontario,
February 21, 1968.

To the Shareholders of
Campbell Red Lake Mines Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a statement of Source and Application of Funds, all certified by the Auditors of the Company and the Report of the General Manager, covering the financial year ended December 31, 1967.

The gross production for 1967 was 173,451 ounces of gold, as compared to 170,359 ounces for 1966.

The operating profit before deducting depreciation, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income was \$3,919,474. The non-operating revenue was \$379,368. These combined gave a total of \$4,298,842. Depreciation charges, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income amounted to \$1,769,546 leaving net income of \$2,529,296 as compared to \$2,485,013 a year ago.

Regular quarterly dividends were maintained at $11\frac{1}{4}\phi$ per share, and after considering the maintenance of profits, your Directors authorized an extra dividend of 5ϕ per share. Therefore, the total dividends declared amounted to \$1,999,750 or 50ϕ per share.

The tonnage milled during 1967 totalled 261,408 tons which represents an average milling rate of 716 tons per day. The yield per ton was 13.27 dwt. as compared with 13.21 dwt. in 1966.

Ore reserves showed an increase to 1,279,300 tons, with the ore in place showing a grade of 13.80 dwt. Development results continued to be satisfactory and are covered in detail in the General Manager's Report.

No benefits were received under the Emergency Gold Mining Assistance Act as the cost per ounce of gold produced was lower than the amount required to qualify under the Act. As your Company was not eligible for such benefits, it was possible to sell gold to markets other than the Royal Canadian Mint. The average price received on all production was \$38.23 Canadian per ounce.

Taxes under the Federal Income Tax Act, the Provincial Corporations Tax Act and the Ontario Mining Tax Act total \$1,531,000.

The Company continued to participate to the extent of 30% with Dome Mines Limited in a number of prospecting ventures, details of which appear on page twelve of this report.

Panarctic Oils Limited was organized during 1967 to explore for oil on 44 million acres in Canada's Arctic Islands. It is expected that \$20 million will be expended on this venture. Of this amount 45% will be provided by the Canadian Government and 55% by a group of twenty oil and mining companies. Through its part in the exploration agreement with the parent company, Dome Mines Limited, your Company will participate in this project to the extent of approximately \$90,000 over a four year period.

Inflationary conditions continued during the year and had their predictable effect on unit operating costs which increased by 4½%. The shortage of experienced, and even inexperienced, man-power also continued and made difficult the balanced operation of the mine which is being gradually converted to cut-and-fill stoping methods which inherently require more men. It is unfortunate that the narrow and irregular nature of the gold bearing veins does not allow the use of more modern equipment and interrelated methods of mining that allow large dimensional base metal ore bodies to be mined with improved efficiency in the use of man-power. Certainly every effort is being made to devise and implement new methods even though improvement may appear relatively limited.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"Speculation as to a change in the price of gold became active in the latter part of the year, incident to the British devaluation of the pound and the continuing heavy loss of gold by the United States, reflecting its unfavorable Balance of Payments position. Despite the United States' insistence that the \$35 price will be maintained, a growing body of conservative banking opinion in the country is questioning whether the Government should continue to sell its gold at the \$35 price, or if it should not place an embargo on its stocks so that its reserves are not depleted to the point of non-existence. It would appear that the Balance of Payments program that is being advanced by the U.S. Treasury to protect its reserve position may not reach its objectives and merely hasten the day when the price of gold will have to be revalued, which does not of itself mean a devaluation of the dollar against other currencies of the free world. There is an element of logic in increasing the price of gold if carried out in an orderly multi-national manner rather than living with permanent exchange controls, and restricting world trade to a point of depression."

At this time your Directors wish to record their appreciation for the effective efforts of management and staff and for the continued loyal service which all employees rendered to the Company.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

CAMPBELL RED LAKE

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

(with comparative figures for 1966)

ASSETS

	1967	1966
Current Assets:		
Cash, including bank term deposits	\$1,042,483	\$ 797,723
Bullion on hand and in transit, at net realizable value	696,866	802,105
Short term commercial paper, at cost	3,619,544	2,508,820
Government and government guaranteed short term bonds, at cost (market value 1967 — \$2,475,000; 1966 — \$2,960,000)	2,447,672	2,936,897
Accounts receivable (including accrued interest)	159,406	165,322
	<u>7,965,971</u>	<u>7,210,867</u>
Capital Assets:		
Buildings, machinery and equipment, at cost	6,485,648	6,512,510
Less accumulated depreciation	5,928,381	5,934,455
	<u>557,267</u>	<u>578,055</u>
Mining claims and properties — acquired for 1,277,500 shares issued at	197,500	197,500
(No deduction has been made for ores mined)		
Townsite land, at cost	111,865	114,066
	<u>866,632</u>	<u>889,621</u>
Other Assets:		
Sundry investments —		
Local school and municipal debentures, at cost	40,736	29,000
Shares of other mining companies, at cost less amounts written off	1	1
	<u>40,737</u>	<u>29,001</u>
Mining and milling supplies, at cost	560,194	584,291
Deposits and prepaid expenses	31,045	35,461
Non-current accounts receivable	240,954	247,952
Special 5% refundable tax	126,863	89,871
	<u>999,793</u>	<u>986,576</u>
	<u><u>\$9,832,396</u></u>	<u><u>\$9,087,064</u></u>

AUDITORS

To the Shareholders of
Campbell Red Lake Mines Limited:

We have examined the balance sheet of Campbell Red Lake Mines Limited as at December 31, 1967 and the related statements of income, earned surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

CAMPBELL RED LAKE MINES LIMITED

(Incorporated under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 1967

(December 31, 1966)

LIABILITIES

	1967	1966
Current Liabilities:		
Salaries and wages payable	\$ 66,118	\$ 66,661
Accounts payable	129,029	132,290
Accrued charges	50,248	32,023
Accrued taxes	739,621	722,658
Dividends payable	649,919	649,919
	<u>1,634,935</u>	<u>1,603,551</u>
Deferred Income Taxes	<u>53,000</u>	<u>53,000</u>
Capital and Surplus:		
Capital —		
Authorized:		
4,000,000 shares of \$1 each		
Issued:		
3,999,500 shares	3,999,500	3,999,500
Discount (net) on shares issued	2,378,905	2,378,905
	<u>1,620,595</u>	<u>1,620,595</u>
Earned surplus	<u>6,523,866</u>	<u>5,809,918</u>
	<u>8,144,461</u>	<u>7,430,513</u>
 On behalf of the Board:		
J. B. REDPATH, Director.		
B. R. MacKENZIE, Director.		
	<u>\$9,832,396</u>	<u>\$9,087,064</u>

REPORT

In our opinion these financial statements present fairly the financial position of Campbell Red Lake Mines Limited as at December 31, 1967, the results of its operations and the source and application of its funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 2, 1968.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Campbell Red Lake Mines Limited

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1967 (with comparative figures for the year 1966)

	1967	1966
Revenue:		
Bullion	\$6,654,042	\$6,497,504
Expenditures:		
Development	525,542	538,082
Mining	1,085,697	933,686
Reduction	683,515	708,567
Refining and marketing	70,327	51,324
General and administrative	339,009	311,335
Taxes other than income	30,478	29,435
	<u>2,734,568</u>	<u>2,572,429</u>
	<u>3,919,474</u>	<u>3,925,075</u>
Deduct:		
Provision for depreciation (note 2)	151,829	158,751
Provision for tax under The Mining Tax Act	306,000	305,000
Outside exploration expenses	86,717	71,873
	<u>544,546</u>	<u>535,624</u>
Operating profit	3,374,928	3,389,451
Add interest earned, etc.	379,368	275,562
Income before provision for income taxes	3,754,296	3,665,013
Provision for income taxes	1,225,000	1,180,000
Net income for the year	<u>\$2,529,296</u>	<u>\$2,485,013</u>
Net income per share	<u>\$0.63</u>	<u>\$0.62</u>

Notes:

- (1) The company received no credits during the year under the Emergency Gold Mining Assistance Act.
- (2) Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.
- (3) The total remuneration paid in respect of 1967 by the company to its directors and senior officers (defined by The Ontario Corporations Act to include the five highest paid employees) amounted to \$87,825.

Campbell Red Lake Mines Limited

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1967 (with comparative figures for the year 1966)

	1967	1966
Balance, January 1	\$5,809,918	\$5,324,655
Add:		
Net income for the year	2,529,296	2,485,013
Recovery of prior years' income taxes	184,402	
	8,523,616	7,809,668
Deduct dividends declared of 50¢ per share comprising four quarterly dividends of 11¼¢ each and an extra dividend of 5¢	1,999,750	1,999,750
Balance, December 31	<u>\$6,523,866</u>	<u>\$5,809,918</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1967 (with comparative figures for the year 1966)

	1967	1966
Source of Funds:		
Operations —		
Net income for the year	\$2,529,296	\$2,485,013
Depreciation	151,829	158,751
Total from operations	2,681,125	2,643,764
Recovery of prior years' income taxes	184,402	
Total	<u>2,865,527</u>	<u>2,643,764</u>
Application of Funds:		
Dividends	1,999,750	1,999,750
Expenditures on capital assets (net)	128,840	129,184
Increase in other assets	13,217	93,155
Total	<u>2,141,807</u>	<u>2,222,089</u>
Net increase in working capital for year	723,720	421,675
Working capital, January 1	5,607,316	5,185,641
Working capital, December 31	<u>\$6,331,036</u>	<u>\$5,607,316</u>

Campbell Red Lake Mines Limited

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1967 is submitted for your consideration.

During the year 281,060 tons were hoisted, of which 261,408 tons were ore and 19,652 tons were waste.

The 261,408 tons of ore milled yielded bullion containing 173,451 ounces of gold, the average yield being 0.6635 ounces or 13.27 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on \$35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at the current exchange rates. Free market prices are by direct negotiation between buyer and seller. The price received on all production during the year averaged \$38.23 Canadian per ounce.

MINING:

In all 237,175 tons of a grade of 13.88 dwt. were drawn from the stopes and sent to the mill.

Broken ore totalling 139,500 tons remains in the stopes, a decrease of 30,600 tons from the previous year, a decrease normal to the conversion to the cut-and-fill method of mining.

The main stoping operations were above the 12th or 1750-foot level. Mining operations included the removal of some floor and boxhole pillars on the upper levels.

DEVELOPMENT:

Development was distributed throughout the mine with the work on the lower levels showing normal ore conditions. Development on the 21st level in the area of the downward extension of the "G" Zone showed several

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1967

Level	Drifts	Crosscuts	Raises	Slabbing	Totals	Diamond Drilling
Surface						
1st		44	229	14	287	758
2nd			170	16	186	
3rd				18	18	
4th				46	46	200
5th				49	49	631
6th			199	46	245	
7th	246		7	51	304	1,353
8th	441			70	511	508
9th			348	62	410	503
10th	9			77	86	2,246
11th	51			67	118	1,794
12th				66	66	409
13th	332		178	77	587	413
14th		45	178	22	245	
15th	182		302	115	599	3,748
16th	776	143	321	252	1,492	5,499
17th	1,030	75	68	169	1,342	4,786
18th	1,580	76		93	1,749	6,072
19th						
20th	212			30	242	
21st	910	124		177	1,211	3,361
Totals	5,769	507	2,000	1,517	9,793	32,281

veins of average values. In the "L" Zone the investigation of a complex of veins in the east end continues. Other work consisted of driving an escape raise from the 2nd level to surface and ventilation crosscuts and raises on the lower levels.

Diamond Drilling totalling 32,281 feet was done as a guide to development and mining.

The table on page ten shows details of development and diamond drilling completed during the year.

ORE PRODUCTION:

The mine produced 261,408 tons of ore during the year which averaged 14.30 dwt. The stopes produced 237,175 tons averaging 13.88 dwt. and development work produced 24,233 tons averaging 18.37 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,279,300 tons, an increase of 40,500 tons over last year. The ore reserves include 139,500 tons of broken ore. Potential ore exposed by lateral work but not sufficiently determined by our normal raising practice is not included in the ore reserves.

A summary of the distribution of ore in place, broken ore and total ore extracted from stopes to the end of 1967 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore in Place	Average Grade (dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1967
Surface to 1st Level	7,900	12.17	-----	247,224
1st Level to 2nd Level	15,000	12.42	-----	314,857
2nd Level to 3rd Level	24,100	12.00	-----	342,997
3rd Level to 4th Level	27,300	10.00	-----	443,098
4th Level to 5th Level	36,100	11.74	17,200	411,501
5th Level to 6th Level	68,500	15.17	800	421,187
6th Level to 7th Level	93,500	13.39	52,000	406,919
7th Level to 8th Level	60,500	11.85	14,800	332,254
8th Level to 9th Level	99,800	14.13	4,300	230,027
9th Level to 10th Level	101,500	14.95	32,900	163,301
10th Level to 11th Level	80,200	13.58	2,700	42,307
11th Level to 12th Level	61,900	11.70	7,900	55,310
12th Level to 13th Level	139,100	14.99	3,000	40,324
13th Level to 14th Level	139,300	15.50	3,900	46,333
14th Level to 15th Level	113,600	13.88	-----	-----
15th Level to 16th Level	23,200	13.86	-----	-----
16th Level to 17th Level	26,200	11.16	-----	-----
17th Level to 18th Level	22,100	12.67	-----	-----
	1,139,800	13.80	139,500	3,497,639

Ore in Place	1,139,800
Broken Ore	139,500
	<u>1,279,300</u>

Increase over 1966 is 40,500 tons.

MILL:

The following are the results of milling operations:

Tons of ore treated	261,408 tons
Average tons per calendar day	716 tons
Average grade of ore treated	14.30 dwt. per ton
Recovery	13.27 dwt. per ton
Recovery percentage	92.81%

COSTS:

The expenditure on mining was \$1,085,697 or \$4.15 per ton milled.

The expenditure on development was \$525,542 or \$2.01 per ton milled.

Operating costs (including Mint handling charges) were \$10.46 per ton milled.

CAPITAL EXPENDITURES:

Net capital expenditures for the year were \$131,399. This amount covered additions to surface and underground equipment. Main items were additions to the electrical supply equipment with a small addition to the compressor house, a pump and house installed under a water tank for a sprinkler system installed for fire protection in the office and warehouse. Main underground equipment was for tramming and stoping operations.

The details of changes in plant buildings and equipment are as follows:

Additions:

Mine equipment	\$ 53,304
Reduction building and equipment	6,518
Surface buildings and equipment	71,577

\$ 131,399

Less net book value of retirements	Nil
--	-----

Net Increase	<u><u>\$ 131,399</u></u>
--------------------	--------------------------

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 30% interest in the following:

Maritime Provinces:

A participation with others in the exploration of two mineral concessions in central Newfoundland. The first phase of this exploration program consisted of airborne electromagnetic and magnetic surveys over the concession areas. Ground follow-up of the airborne geophysical surveys will be carried out in 1968.

A participation in the acquisition of a property in Nova Scotia, in an area of known geochemical anomalies. An exploration program will be carried out on this property during 1968.

Quebec:

A participation, throughout 1967, in an extensive program involving the follow-up of an airborne electromagnetic survey in Northwestern Quebec. This program involved staking 285 claims covering selected anomalies. As a result of ground geophysical surveys carried out on the staked claims, 27 anomalies have been selected for drilling. At year-end twelve holes aggregating 3,677 feet had been drilled on a number of these anomalies which were found to be caused by uneconomic sulphide mineralization. Fourteen anomalies remain to be drilled in 1968.

A participation in a prospecting venture in the Lake Mistassini area of Northern Quebec. As a result of this venture, 242 claims were acquired in an area which appears to have uranium possibilities. During the 1967 season these claims were prospected and an airborne radiometric survey was carried out over 222 of them. Further work is planned for these properties during 1968.

A participation in the exploration of a thirty-claim property in the Senneterre area of Quebec. During the year electromagnetic and magnetic surveys were carried out over 26 line miles, but no drilling targets were found. Also in Northwestern Quebec, in participation with others, a reconnaissance geophysical program was carried out in an area deemed to be favourable for the occurrence of base-metal sulphides. This program covered 440 line miles of reconnaissance and detailed surveys and outlined one target of sufficient interest to warrant further investigation in 1968.

A participation in a new program carried out on the property of Clinton Copper Mines Limited. The program consisted of line cutting, deeply-penetrating electromagnetic surveys and soil sampling. In addition, five diamond drill holes, totalling 4,350 feet, were drilled.

Ontario:

A participation in a diamond drilling program to test anomalies found during an airborne survey carried out in 1966. This program involved 18 holes for a total of 5,483 feet. Drilling succeeded in explaining all the anomalies but unfortunately no ore-grade values were encountered.

A participation in a prospecting program in Northwestern Ontario, adjacent to a small gold showing which was discovered and staked in 1966.

Manitoba-Saskatchewan:

A participation with others in the Flonatin project. This program involved the testing by diamond drilling of a number of airborne anomalies found during an airborne geophysical exploration program carried out during preceding years. During 1967 five holes were drilled for a total of 2,727 feet, culminating a program which had involved 14 drill holes for 8,424 feet. Numerous sulphide zones were found during the drilling program but no ore-grade mineralization was disclosed.

Western Canada:

A participation in the Coranex project during its third year of a broad exploration program in British Columbia and the Yukon. During 1967 the greatest efforts of this venture were concentrated on the detailed exploration of an area of low-grade copper mineralization in south-central British Columbia. The comprehensive program carried out on this property, although centered around interesting new showings, did not succeed in outlining economic copper mineralization.

A participation with others in a Syndicate involving a major exploration venture in the Yukon Territory and adjacent British Columbia. Detailed exploration on a skarn-type copper occurrence indicated that it did not have sufficient potential to warrant further work.

General:

Various participation in prospecting ventures organized by individual prospectors in Quebec, Ontario, British Columbia and the Northwest Territories.

GENERAL:

The daily milling rate was increased from 706 to 716 tons per day for an annual increase of 3,524 tons.

Costs were affected by higher wages, increased cost of supplies, and plant maintenance. Workmen's Compensation Costs continue to rise despite our continued record of low accident costs.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries paid and distribution of taxes.

It is a pleasure to record my appreciation to Mr. M. A. Taschereau, Assistant General Manager, and to the heads of the various departments and operating staff for the loyal and efficient services rendered by them to the Company.

Yours faithfully,

Balmertown, Ontario,
February 19, 1968.

J. CHISHOLM,
General Manager.

Campbell Red Lake Mines Limited

Total supplies and services	\$1,772,222
Total amount of wages and salaries	1,509,818
Income taxes	1,225,000
Other taxes (Provincial and Municipal)	336,478

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Agincourt	Fort William	New Liskeard	Sault Ste. Marie
Balmertown	Galt	North Vancouver	Scarborough
Brampton	Gananoque	Oakville	St. Boniface
Brantford	Guelph	Orillia	St. Catharines
Belleville	Haileybury	Ottawa	St. Hyacinthe
Burlington	Hamilton	Owen Sound	St. James
Burnaby	Islington	Peterborough	St. Laurent
Clarkson	Kenora	Pointe Claire	Sudbury
Cooksville	Kirkland Lake	Port Arthur	Thornbury
Don Mills	Kitchener	Port Credit	Toronto
Dorval	La Salle	Red Lake	Vancouver
Downsview	London	Red Lake Road	Weston
Dryden	Melita	Regina	Windsor
Elliot Lake	Milton	Rexdale	Winnipeg
Fort Erie	Montreal	Sarnia	

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
British Columbia	3	3
Manitoba	4	75
Ontario	45	158
Quebec	6	18
Saskatchewan	1	1
United States of America	6	7
	<u>65</u>	<u>262</u>



DOMINE MINES LIMITED

SUITE 1007-36 TORONTO STREET - TORONTO, ONTARIO
CANADA

Notice of Annual Meeting

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Dome Mines Limited will be held at the Royal York Hotel, Front Street West, Toronto, Ontario, Canada, on Monday, April 24, 1967, at 10:30 o'clock in the forenoon (Toronto Time):

- (a) to receive the Annual Report of the Company for the year ended December 31, 1966;
- (b) to elect directors for the ensuing year;
- (c) to appoint auditors for the ensuing year; and
- (d) to transact such other business as may properly come before the meeting.

Only shareholders of record at the close of business on March 23, 1967, will be entitled to receive notice of and to vote at the meeting and at any adjournment thereof.

Each shareholder who is unable to attend the meeting is respectfully requested to complete, sign and return the enclosed proxy form. All instruments appointing proxies to be used at the meeting must be deposited with the Secretary or an Assistant Secretary of the Company at Toronto not later than 9:30 o'clock in the forenoon (Toronto Time) on Monday, April 24, 1967, being one hour before the time fixed for the holding of the meeting. Instruments appointing proxies not so deposited will not be voted at the meeting.

A copy of the Annual Report above mentioned has been mailed to each shareholder.

By Order of the Board of Directors,

BRYCE R. MacKENZIE,

DATED March 15, 1967.

Secretary.

DOME MINES LIMITED

SUITE 1007—36 TORONTO STREET—TORONTO, ONTARIO
CANADA

Proxy Statement

This proxy statement is furnished in connection with the solicitation of proxies for use at the Annual Meeting of the Shareholders of Dome Mines Limited to be held on Monday, April 24, 1967, at 10:30 o'clock in the forenoon (Toronto Time).

The enclosed proxy is solicited by the management of the Company. A shareholder giving a proxy has power to revoke it at any time before it is voted. All instruments appointing proxies to be used at the meeting must be deposited with the Secretary or an Assistant Secretary of the Company at Toronto not later than 9:30 o'clock in the forenoon (Toronto Time) on Monday, April 24, 1967, being one hour before the time fixed for the holding of the meeting. Instruments appointing proxies not so deposited will not be voted at the meeting.

Only shareholders of record at the close of business on March 23, 1967 will be entitled to receive notice of and to vote at the meeting and at any adjournment thereof. Shareholders representing in person or by proxy at least one-third of the issued shares of the Company constitute a quorum at any meeting of shareholders. The Company has outstanding 1,946,668 shares of its capital stock, each entitled to one vote.

The cost of solicitation of proxies will be borne by the Company. Solicitation will be made initially by mail. The directors, officers and employees of the Company may, but without compensation other than their regular compensation, solicit proxies by telephone, telegraph or personal interview. The Company will also reimburse brokerage firms, banks, trustees, nominees and other persons for their out-of-pocket expenses in forwarding proxy material to the beneficial owners of shares of the Company.

It is not intended to use the proxies for the purpose of voting upon the Annual Report of the Company for the year ended December 31, 1966.

ELECTION OF DIRECTORS

Nine directors are to be elected at the meeting to serve until the next annual meeting or until their successors are duly elected. Proxies in the accompanying form will be voted in favour of the election of the nine nominees named on the following page, all of whom are presently serving as directors of the Company. The following information is submitted with respect to the nominees for director:

Name and Principal Occupation	Shares Beneficially Owned as of March 7, 1967 (1)		
	Became a Director	Company	Subsidiary Companies (2)
(3) CLIFFORD W. MICHEL, Chairman of the Board and Treasurer, Dome Mines Limited; Partner, Loeb, Rhoades & Co., New York, Members New York Stock Exchange	1939	1,000	10 Sigma 100 Campbell
(3) F. WARREN PERSHING, Partner, Pershing & Co., New York, Members New York Stock Exchange	1941	50	—
A. BRUCE MATTHEWS, Chairman of the Board, The Excelsior Life Insurance Company, Toronto	1947	800	300 Sigma
JAMES B. REDPATH, President, Dome Mines Limited, and President of the subsidiary companies	1956	1,500	100 Sigma 1,000 Campbell
WILLIAM F. JAMES, Partner, James, Buffam & Cooper, Consulting Geologists, Toronto	1958	100	100 Campbell
WILLIAM R. BIGGS, Honorary Trustee and Economic Consultant, The Bank of New York, New York	1960	500	—
ALLEN T. LAMBERT, Chairman of the Board and President, The Toronto-Dominion Bank, Toronto	1960	100	—
BRYCE R. MACKENZIE, Secretary, Dome Mines Limited; Partner, Fasken, Calvin, MacKenzie, Williston & Swackhamer, Barristers and Solicitors, Toronto	1963	100	4 Sigma 50 Campbell
(4) CHARLES P. GIRDWOOD, Vice-President and General Manager, Dome Mines Limited	1967	5	—

- (1) The information as to shares owned by each nominee, not being within the knowledge of the Company, has been furnished by such nominee.
- (2) The subsidiary companies are Sigma Mines (Quebec) Limited and Campbell Red Lake Mines Limited.
- (3) In addition, Mr. Michel is President and Mr. Pershing is Secretary, and both are directors of a corporation holding 44,000 shares of the Company. Mr. Michel is the beneficial owner of less than 1% of the issued shares of such corporation and no shares of such corporation are beneficially owned by Mr. Pershing.
- (4) Charles P. Girdwood, whose name will be before the shareholders for election for the first time was elected a director at a meeting of the Board of Directors on March 7, 1967 to fill a vacancy created by the resignation of Henry C. Brunie. Mr. Charles P. Girdwood has been General Manager of the Company since March, 1954 and has been Vice-President of the Company since September, 1963.

Although the management does not contemplate that any of the nominees named will be unavailable for election or will decline to serve if elected, in the event of any vacancies among the nominees occasioned by death or other unexpected occurrence, the proxies will be voted in favour of the remaining nominees and for such other substituted nominees as the board of directors may designate.

REMUNERATION OF MANAGEMENT

The aggregate remuneration accrued or paid by the Company and its subsidiary companies to the 10 persons as a group who were directors or executive officers of the Company at any time during the fiscal year January 1, 1966 to December 31, 1966 was \$113,300 (Canadian funds). Of this sum \$41,500 was accrued or paid to Mr. James B. Redpath as president and a director of the Company, and as President of the subsidiary companies. Mr. Redpath, as a participant under the employee pension plans of the Company and its subsidiary Sigma Mines (Quebec) Limited, will be entitled

on retirement at age 65 to an annual pension of \$1,751. No amount in excess of \$30,000 was accrued or paid by the Company and its subsidiary companies to any other director or executive officer during the aforesaid fiscal year. The annual pension benefits payable on retirement at age 65 to the directors and officers of the Company as a group under the employee pension plans of the Company and its subsidiaries are \$3,541.

The remuneration reported above for the directors and executive officers of the Company does not include legal fees of \$20,250 for services rendered in 1966 paid by the Company and its subsidiaries to the firm of Fasken, Calvin, MacKenzie, Williston & Swackhamer of which Mr. Bryce R. MacKenzie, Mr. Fraser M. Fell and Mr. Harry W. Macdonell, are partners. Mr. Bryce R. MacKenzie, Mr. Fraser M. Fell and Mr. Harry W. Macdonell are Secretary, an Assistant Secretary and an Assistant Treasurer of the Company respectively.

INVESTMENT IN DOME PETROLEUM LIMITED

Pursuant to agreement dated October 17, 1966, the Company advanced to Dome Petroleum Limited ("Dome Petroleum") by way of loan the sum of \$3,000,000 (Canadian) of which \$1,200,000 was advanced on October 19, 1966 and the balance on November 1, 1966. The loan matures May 1, 1967 subject to renewal for such period or periods as may be mutually agreed upon, bears interest at the rate of 7% per annum and is secured by a Secured 7% Debenture of Dome Petroleum in the principal amount of \$3,000,000 which constitutes a first, fixed and specific mortgage, pledge and charge upon certain petroleum and natural gas rights of Dome Petroleum in the Boundary Lake Field of the Province of British Columbia.

The Company owns 595,000 shares or approximately 23% of the issued capital stock of Dome Petroleum. Messrs. Clifford W. Michel, Chairman of the Board and Treasurer of the Company and James B. Redpath, President of the Company, are the Chairman of the Board and a Vice-President respectively of Dome Petroleum. Messrs. Matthews, MacKenzie, Michel and Redpath, directors of the Company, are also directors of Dome Petroleum and own beneficially 2,200 shares of Dome Petroleum.

APPOINTMENT OF AUDITORS

The shareholders will be asked to vote for the appointment of Messrs. Clarkson, Gordon & Co., Toronto, Ontario, who have been auditors of the Company for many years. There is no relationship between such auditors and the Company or any affiliates of the Company. The enclosed form of proxy provides space for instructions directing the proxies therein named to vote for or against such appointment.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

It is not the intention of the management of the Company to bring any matters before the meeting other than the matters referred to in the notice of meeting. However, the persons named in the enclosed proxy are authorized to vote in accordance with their judgment on all matters that may properly come before the meeting.

MANNER OF VOTING PROXIES

The shares represented by the proxies will be voted in accordance with the statements made above except as may be otherwise stated on the proxy forms. Where the shareholder specifies a choice for or against the appointment of Messrs. Clarkson, Gordon & Co. as auditors of the Company, such shares will be voted in accordance with the specification made. Where a choice is not so specified, full authority is granted to vote in favour of such proposal.

By Order of the Board of Directors,

BRYCE R. MacKENZIE.

Dated March 15th, 1967.

Secretary.

AR38

DOME MINES LIMITED

SUITE 1007 EXCELSIOR LIFE BUILDING
36 TORONTO STREET
TORONTO 1, ONTARIO

2-3 lines

OFFICE OF THE SECRETARY

August 14, 1967

Financial Editor,
The Globe and Mail,
140 King Street West,
Toronto, Ontario.

Dear Sir:

Enclosed for release on Tuesday, August 15, 1967
is the Interim Consolidated Statement of Earnings and the
Interim Consolidated Statement of Source and Application of
Funds of our Company and its subsidiary companies for the six
months ended June 30, 1967 (both subject to audit and year end
adjustments) with comparative figures for 1966.

Yours truly,



B. R. MacKenzie
Secretary

BRM*JP
Encls.

DOME MINES LIMITED

and its subsidiary companies

INTERIM CONSOLIDATED STATEMENT OF EARNINGS
(subject to audit and year end adjustments)

Six months ended June 30

	<u>1967</u>	<u>1966</u>
Bullion revenue	\$8,204,755	\$8,067,091
Operating costs (including expenditures on shaft sinking: 1966 - \$80,898)	6,518,154	6,203,950
Less credit under the Emergency Gold Mining Assistance Act	<u>1,006,000</u>	<u>922,000</u>
Provision for depreciation	5,512,154	5,281,950
Provision for tax under Provincial Mining Tax Acts	219,077	264,543
Outside exploration expenses	188,400	179,000
	<u>154,248</u>	<u>128,090</u>
Operating profit	<u>6,073,879</u>	<u>5,853,583</u>
Other income	2,130,876	2,213,508
Income before provision for income taxes	<u>877,353</u>	<u>633,564</u>
Provision for income taxes	3,008,229	2,847,072
	<u>862,100</u>	<u>782,220</u>
Minority interest in net income of subsidiary companies	2,146,129	2,064,852
	<u>610,946</u>	<u>638,542</u>
Net income for the period	<u>\$1,535,183</u>	<u>\$1,426,310</u>
Per share	<u>\$0.79</u>	<u>\$0.73</u>

(see over)

DOME MINES LIMITED

and its subsidiary companies

INTERIM CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
(subject to audit and year end adjustments)

Six months ended June 30

1967

1966

Source of Funds:
Operations -

Net income for the period

\$1,535,183

\$1,426,310

Depreciation

219,077

264,543

Minority interest in income of subsidiaries less dividends paid

165,662

193,258

1,919,922

1,884,111

Application of funds:

Dividends

778,667

778,667

Expenditures on capital assets (net)

129,538

239,156

Increase (decrease) in other investments

2,258,987

Increase (decrease) in other assets

287,866

179,366

1,196,071

3,456,176

Net increase (decrease) in working capital for period

\$ 723,851

(\$1,572,065)

(see over)

(see over)

Net Increase (Decrease) in Working Capital for Period

\$ 352,821

(\$1,715,012)

Increases (Decreases) in Other Assets

7,104,001

3,426,111

Increases (Decreases) in Other Liabilities

583,888

118,388

Expenses on Capital Assets (Net)

153,228

5,829,381

Dividends

106,681

229,729

Application of Funds:

7,919,283

7,284,111

Net Change in Funds of Subsidiaries for Period

141,008

133,528

Depreciation

519,011

864,242

Net Income for the Period

\$1,325,198

\$1,456,210

Operating -

Source of Funds:

7100

7088

Net Income for the Period

Net Income for the Period

8110

and the accompanying schedules

Page 111 of 111